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CANADIAN ROCKY MOUNTAIN PROPERTIES INC.



2001



Annual Report



CANADIAN ROCKY MOUNTAIN PROPERTIES INC.
Suite 500, 603, 7th Ave SW
Calgary, Alberta
T2P 2T5

Presidents' Message

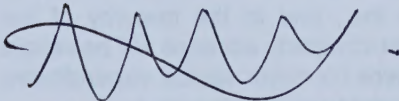
The enclosed financial statements reflect a very profitable inaugural nine months for the company. The fiscal period ended September 30, 2001 shows revenues in excess of \$2.1 million, net income of \$125,348 (\$.05 per share), and cash flow from operations of \$600,495 (\$.21 per share). Extrapolating these numbers to twelve months will give a base for the coming years performance. Vacancies continue to decline in our mobile home communities, rezoning and development plans to expand are proceeding, all of which will augment the revenues and profits shown to date.

The acquisition of the Central City Business Park was completed in late August for \$2.87 million. This 37,000 square foot commercial strip mall located in downtown Kelowna, B.C., will undergo a facelift and interior upgrades which will bring the returns in line with management expectations.

As previously announced, the company has plans to commence an aggressive expansion for the coming year. The plan calls for the consolidation of Proprietary Industries Inc.'s resort and recreation assets in Canadian Rocky Mountain Properties Inc. The specific terms are being worked out at present and will be presented to our shareholders for approval at a Special Meeting to be held sometime this year. The completion of this phase of the company's growth would add in excess of \$37 million in assets (at book value) generating more than \$25 million in revenues and projected earnings of \$2.5 million.

The past nine months of operations have shown the potential of Canadian Rocky Mountain Properties Inc. to generate profit for its shareholders and the coming year should see a quantum leap in growth and profitability. We are in the process of amassing a substantial portfolio of profitable, real estate/resort/recreation based assets that generate consistent earnings. These investments carry relatively low amounts of debt, have significant upside and will create extraordinary shareholder value over the long term. Thank you for your continued interest and support.

Yours truly,

A handwritten signature in black ink, appearing to read 'Peter J. Workum', with a stylized, wavy line extending from the end of the signature.

Peter J. Workum,
President

February 15, 2002

Management Discussion and Analysis

Overview

The common shares of Canadian Rocky Mountain Properties Inc. (formerly Flowers Affairs Systems Corp) trade on the CDNX under the symbol "CMP". CMP's initial transaction was to acquire all of the issued and outstanding shares of WCP Holdings Ltd. ("WCP") from Proprietary Industries Inc. for cash and shares. WCP has total assets with a book value of approximately \$14 million generating in excess of \$200,000 per month in rental income. On the date of the transaction, the Company became a 64% controlled subsidiary of Proprietary Industries Inc. The Company's year-end has been changed to September 30, 2001, to be consistent with the parent company's year-end. CMP's EBITDA for the nine months and new fiscal year ended September 30, 2001 was \$1.3 million with net earnings of \$125,348 or \$0.05 per share. Cash flow from operations was \$600,495 or a robust \$0.21 per share.

Mobile Home Parks

WCP owns and operates three mobile home communities in Edmonton, Lac La Biche and High Prairie, Alberta that cater to the middle to lower income housing market. These properties were acquired at attractive prices and are generating substantial returns. The three properties combined have an estimated fair market value of approximately \$20 million, and are projected to generate annual revenue of \$2.6 million and EBITDA of \$1.8 million for fiscal year 2002. In 2001, vacancies decreased substantially resulting in higher revenues and profits. WCP is currently applying for a rezoning permit to allow for the development of additional sites at its Edmonton location. The successful completion of this proposed expansion should add \$250,000 to \$300,000 in net earnings to WCP annually. The Company is looking to add to its portfolio of mobile home communities as attractive opportunities arise.

Central City Business Park

On September 1, 2001 the Company acquired Central City Business Park, a 37,000 square foot commercial strip mall in downtown Kelowna, B.C. for gross proceeds of \$2.87 million in September. The purchase price was satisfied by the assumption of existing first and second mortgages of approximately \$2,636,500, payment of corporate and property tax obligations and the issuance of 31,742 common shares of CMP at a deemed price of \$1.00. The Company has committed to undertake some needed capital improvements. Management expects to achieve CMP's required rate of return on completion of the renovations and a refinancing.

Future Expansion Plans

The Company is considering the acquisition of more than \$60 million (at fair market value) in cash flow producing properties from its parent. Proprietary's resort and recreation property interests – the Kananaskis Mountain Lodge, the Waterton Lakes Lodge, the Qualicum Heritage Inn and the ten Eagle Quest Golf Center facilities would be sold to CMP at their fair market value. The purchase of these assets by CMP will require regulatory and shareholder approval. Once management has completed its review of the cost, time, legal and tax consequences of this proposed expansion, the shareholders will be apprised of the outcome.

Financial Condition, Liquidity, and Capital Resources

As at September 30, 2001, CMP's working capital and cash and short-term deposits were (\$169,000) compared to \$838,000 as at September 30, 2000, a decrease of \$1.0 million. The decrease is due to amounts advanced to the major shareholder, Proprietary Industries Inc., and to the maturity of the \$350,000 term loan on Central City Business Park. The Proprietary inter-company advance will be repaid before year-end or earlier if required to fund any expansion. There were no major capital expenditures incurred during the period. As at September 30, 2001, CMP's long-term debt was \$13.7 million.

Share Capital

As of September 30, 2001 CMP had 2,811,000 common shares and 1,250,000 preferred shares outstanding and options to purchase 280,000 common shares. The exercise price of the options is \$0.75 per share.

CANADIAN ROCKY MOUNTAIN PROPERTIES INC.
(formerly Flower Affairs Systems Corp)

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

HUDSON & COMPANY LLP

Chartered Accountants



AUDITORS' REPORT

To the Shareholders of

Canadian Rocky Mountain Properties Inc.

(formerly Flower Affairs Systems Corp.)

We have audited the consolidated balance sheets of **Canadian Rocky Mountain Properties Inc.** (formerly Flower Affairs Systems Corp.) as at September 30, 2001 and December 31, 2000 and the consolidated statements of earnings, retained earnings and cash flows for the periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2001 and December 31, 2000 and the results of its operations and its cash flows for the periods then ended in accordance with Canadian generally accepted accounting principles.

February 11, 2002

Calgary, Canada

A handwritten signature in dark ink that reads "Hudson & Company LLP".

HUDSON & COMPANY LLP

Chartered Accountants

CANADIAN ROCKY MOUNTAIN PROPERTIES INC.
(formerly Flower Affairs Systems Corp.)

CONSOLIDATED BALANCE SHEETS

September 30
2001

December 31 2000
(restated)

ASSETS

CURRENT

Cash	\$ 107,486	\$ 1,454,790
Accounts receivable	532,563	26,261
Prepaid expenses	49,315	33,812
	<u>689,364</u>	<u>1,514,863</u>
Notes receivable (Note 5)	50,517	37,041
Restricted cash (Note 6)	147,957	111,267
Capital assets (Note 7)	15,558,180	12,922,119
Due from related party (Note 8)	1,501,590	473,298
Deferred charges	74,171	105,061
	<u>\$ 18,021,779</u>	<u>\$ 15,163,649</u>

LIABILITIES

CURRENT

Accounts payable	\$ 112,163	\$ 25,640
Security deposits	128,266	109,299
Term loan (Note 9)	350,000	-
Current portion of long-term debt (Note 10)	236,318	166,157
Large corporations tax payable	36,731	-
Obligation to issue common shares (Note 4)	31,742	-
	<u>895,220</u>	<u>301,096</u>
Deferred revenue	65,780	60,747
Long-term debt (Note 10)	13,723,966	11,716,938
Future income taxes	286,683	160,086
Preferred shares (Note 11)	1,250,000	1,250,000

SHAREHOLDERS' EQUITY

Share capital (Note 12)	\$ 200,154	\$ 200,154
Contributed surplus	1,179,923	1,179,923
Retained earnings	420,053	294,705
	<u>1,800,130</u>	<u>1,674,782</u>
	<u>\$ 18,021,779</u>	<u>\$ 15,163,649</u>

Commitments (Note 13)

APPROVED ON BEHALF OF THE BOARD:

"signed"

, Director

Peter J. Workum

"signed"

, Director

Theodor Hennig

CANADIAN ROCKY MOUNTAIN PROPERTIES INC.
(formerly Flower Affairs Systems Corp.)

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

	Nine months ended September 30 2001	Three months ended December 31 2000 (restated)
Revenue	\$	\$
Rental	2,013,887	644,397
Other income	4,747	-
Interest (Note 8)	143,772	6,854
	2,162,406	651,251
Expenses		
Interest on long-term debt	721,325	236,385
Rental	672,489	182,628
Amortization	320,199	126,170
General and administrative expenses	131,366	41,454
	1,845,379	586,637
Earnings before the following	317,027	64,614
Gain (loss) on sale of capital assets	(28,352)	6,444
Earnings before income taxes	288,675	71,058
Large corporation tax	36,731	-
Future income taxes	126,596	29,692
	163,327	29,692
Net earnings	125,348	41,366
Retained earnings, beginning of year	454,791	383,733
Effect of change in accounting policy (Note 3)	(160,086)	(130,394)
Retained earnings, end of year	\$ 420,053	\$ 294,705
Earnings per share – basic (Note 16)	\$ 0.05	\$ 0.02
– fully diluted (Note 16)	\$ 0.03	\$ 0.01

CANADIAN ROCKY MOUNTAIN PROPERTIES INC.
(formerly Flower Affairs Systems Corp.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30 2001	Three months ended December 31 2000 (restated)
Cash flows from operating activities		
Net earnings for the period	\$ 125,348	\$ 41,366
Items not involving cash		
Amortization	320,199	126,170
Future income taxes	126,596	29,692
Gain (loss) on sale of assets	28,352	(6,444)
Cash flows from operations	600,495	190,784
Net changes in non-cash working capital balances (Note 17)	(379,584)	191,926
	220,911	382,710
Investing activities		
Purchase of capital assets	(371,958)	-
Proceeds from disposal of capital assets	68,532	11,884
Proceeds from (increase in) notes receivable	(13,476)	4,391
Increase in restricted cash	(36,690)	(14,566)
Cash flows from (used in) investing activities	(353,592)	1,709
Financing activities		
Payments to shareholder	(1,028,292)	-
Proceeds from term loans	350,000	-
Increase in deferred revenue	5,033	-
Proceeds from (repayment of) long-term debt	(541,364)	47,142
	(1,214,623)	47,142
Increase (decrease) in cash	(1,347, 304)	431,561
Cash, beginning of period	1,454,790	1,023,229
Cash, end of period	\$ 107,486	\$ 1,454,790
Cash flow per share - basic (Note 16)	\$ 0.21	\$ 0.11
- fully diluted (Note 16)	\$ 0.14	\$ 0.06

CANADIAN ROCKY MOUNTAIN PROPERTIES INC.
(formerly Flower Affairs Systems Corp.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2001 AND DECEMBER 31, 2000
AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001
AND FOR THE THREE MONTHS ENDED DECEMBER 31, 2000

1. BUSINESS OF THE COMPANY

Canadian Rocky Mountain Properties Inc. ("the Company") owns and operates three mobile home parks in the Alberta, and a commercial rental property in the province of British Columbia. The Company's primary operations are carried out through its wholly owned subsidiary WCP Holdings Ltd. ("WCP"). The Company was incorporated under the laws of the Alberta Business Corporations Act.

2. SIGNIFICANT ACCOUNTING POLICIES

Cash and equivalents

Cash and equivalents consist of cash on hand and balances with banks and investments in money market instruments.

Principles of Consolidation

The consolidated financial statements include the financial statements of the Company and those of the Company's wholly owned subsidiary WCP Holdings Ltd. The consolidation has been prepared on a reverse takeover basis where the Company is considered to be the "accounting" subsidiary and WCP Holdings Ltd. is the "accounting" parent.

Capital Assets

Capital assets are recorded at cost. The cost of capital assets disposed of and related accumulated amortization are removed from the accounts at the time of disposition with any resulting gain or loss included in income.

Amortization is provided for over the estimated useful lives of the assets on the declining balance basis at rates ranging from four to twenty per cent.

Earnings per share

Earnings per share amounts have been calculated have been calculated and presented in accordance with the new recommendations of the Canadian Institute of Chartered Accountants whereby the treasury stock method is used to calculate diluted earnings per share. The new standard has been applied on a retroactive basis and has no impact on the amounts presented.

Dilutive earnings per share considers the dilutive impact of the exercise of outstanding stock options and warrants as if the events had occurred at the beginning of the period or at a time of issuance, if later.

Share Option Plan

The Company has a share option plan as described in Note 12. No compensation expense is recognized for this plan when shares or share options are issued pursuant to the plan. Consideration paid for shares on exercise of the share options is credited to share capital.

CANADIAN ROCKY MOUNTAIN PROPERTIES INC.
(formerly Flower Affairs Systems Corp.)

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Company follows the asset and liability method for accounting for income taxes. Under the asset and liability method, the change in the future tax asset or liability is to be included in income. Future income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled.

Deferred Finance Charges

Deferred finance charges are recorded at cost and are being amortized using the straight-line method over five years. The deferred charges consist of financing costs on the GMAC mortgage as disclosed in Note 10.

Measurement Uncertainty

The amounts recorded for amortization are based on estimated useful lives of related assets. By their nature, these estimates, and those related to the future cash flows used to assess impairment, are subject to measurement uncertainty and the impact on the financial statements of future years could be material. Accounts specifically affected by estimates in these financial statements are accounts receivable, capital assets and deferred charges.

3. CHANGE IN ACCOUNTING POLICY

During the period the Company changed its policy for accounting for income taxes. The provisions of Section 3465 of the Handbook of the Canadian Institute of Chartered Accountants were adopted effective January 1, 2001. The provisions were applied retroactively with restatement of prior period financial statements. At January 1, 2001 a future income tax liability of \$160,086 was recorded and retained earnings was reduced by the same amount.

4. ACQUISITIONS

On October 10, 2000, the Company purchased all of the issued and outstanding shares of WCP Holdings Ltd. ("WCP"), a company that operates mobile home parks.

The transaction was accounted for as a reverse takeover by the Company, as the former parent WCP will control approximately 64% of the total issued and outstanding common shares. The purchase price was recorded at the fair market value of the assets of the Company, prior to the reverse takeover, of \$200,000 and was allocated in its entirety to current assets. The comparative figures reflect the operations of WCP as these consolidated financial statements represent a continuation of WCP.

On September 1, 2001, the Company purchased the assets of Central City Business Park Ltd. in exchange for 31,742 shares of the Company at a price deemed to be \$1.00 per share, existing mortgages with an outstanding balance at September 1, 2001 of approximately \$2,618,553 and other obligations of approximately \$219,705. The 31,742 shares had not been issued as of September 30, 2001 and therefore are reflected as an obligation to issue shares in these financial statements.

5. NOTES RECEIVABLE

Notes receivable on mobile home sales are due in monthly installments of approximately \$2,600 including interest at 12% per annum with maturity dates ranging from January 2001 to October 2004. The notes receivable are secured by specific mobile home units.

CANADIAN ROCKY MOUNTAIN PROPERTIES INC.
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6. RESTRICTED CASH

Restricted cash consists of security deposits some of which relate to deposits still held for individuals who have left the mobile home park but who have not claimed their security deposit refund.

7. CAPITAL ASSETS

September 30, 2001			
	Cost	Accumulated amortization	Net Book Value
Land	8,654,071	-	8,654,071
Buildings	2,897,730	264,093	2,633,637
Mobile homes	683,828	107,472	576,356
Landscaping	811,105	506,866	304,239
Roads	1,800,405	537,665	1,262,740
Distribution lines	2,439,504	389,427	2,050,077
Office equipment	178,546	112,750	65,796
Vehicles	30,000	18,736	11,264
	17,495,189	1,937,009	15,558,180

December 31, 2000			
	Cost	Accumulated amortization	Net Book Value
Land	7,465,968	-	7,465,968
Buildings	1,138,214	209,765	928,449
Mobile homes	751,621	102,633	648,988
Landscaping	806,879	440,152	366,727
Roads	1,773,869	454,782	1,319,087
Distribution lines	2,439,505	334,821	2,104,684
Office equipment	173,829	99,693	74,136
Vehicles	30,000	15,920	14,080
	14,579,885	1,657,766	12,922,119

8. DUE FROM SHAREHOLDER

The amount is due from the Company's controlling shareholder, bears interest at a rate of prime plus 2% and is unsecured with no fixed terms of repayment. The Company has recorded \$109,495 in interest revenue which is the exchange amount.

9. TERM LOANS

The provisions of the term loans require that the Company make monthly payments of interest only at the rate of prime plus 4% with a minimum of 12.5% per year. The loan is secured by capital assets at a carrying value of \$2,945,590.

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10. LONG-TERM DEBT

	September 30, 2001	December 31, 2000
GMAC Mortgage payable in monthly installments of \$83,085 including interest at 7.93%, secured by capital assets at a carrying amount of \$11,702,580, due October 1, 2010.	11,096,622	11,255,690
Term loan payable in monthly installments of \$4,500 including interest at 7.25% secured by capital assets at a carrying amount of \$746,194, due December 7, 2004.	360,351	376,588
Term loan payable in monthly installments of \$3,000 including interest at 9.25% secured by capital assets at a carrying value of \$160,691, due April 7, 2002.	240,929	250,817
Mortgage payable in monthly installments of \$13,879 including interest at 7.375% secured by capital assets at a carrying value of \$2,945,590, due October 1, 2002.	1,577,638	-
Mortgage payable in monthly installments of \$6,025 including interest at 7.375% secured by capital assets at a carrying value of \$2,945,590, due October 1, 2002.	684,744	-
	<u>13,960,284</u>	<u>11,883,095</u>
Less current portion of long-term debt	236,318	166,157
	<u>13,723,966</u>	<u>11,716,938</u>

Principal repayments due over the next five years are as follows:

2002	236,318
2003	250,580
2004	273,831
2005	296,327
2006 and thereafter	12,903,228
	<u>13,960,284</u>

Subsequent to year-end, the Company and the lender have substantially agreed to renew the loan which is due April 7, 2002 under similar terms and conditions.

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11. PREFERRED SHARES

The preferred shares are retractable at any time at the option of the holder at \$1 per share. The Company has the option to redeem the shares at \$1 per share anytime after October 30, 2005. The preferred shares are convertible into common shares up to and including October 30, 2005 as follows:

October 30, 2000 to October 30, 2002	1.33333333 common shares per preferred share
October 30, 2002 to October 30, 2003	1.17647059 common shares per preferred share
October 30, 2003 to October 30, 2004	1.05263158 common shares per preferred share
October 30, 2004 to October 30, 2005	0.95238095 common shares per preferred share

As a result of the retraction feature, a liability in the amount of \$1,250,000 has been reflected in these financial statements with a corresponding reduction of contributed surplus. The comparative figures have been restated to conform with this presentation basis.

12. SHARE CAPITAL

Authorized

Unlimited number of common shares

Unlimited number of preferred shares, each convertible into one common share

The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine, subject to the limitations set out in the Company's Articles, the designation, rights, privileges, restrictions and condition attached to the shares of each series.

Common Shares Issued

	Number of shares	Amount
Balance October 1, 1999 - WCP Holdings Ltd.	2	2
Reduction of common shares prior to reverse takeover	(2)	(2)
	-	2
Establishment of share capital of legal parent	1,011,000	314,215
Elimination of share capital value of legal parent	-	(314,215)
Shares issued on reverse takeover (Note 4)	1,800,000	200,152
Balance December 31, 2000	2,811,000	200,152
Balance September 30, 2001	2,811,000	200,152
Preferred shares issued		
1,250,000 convertible preferred shares	1,250,000	2
Balance at December 31, 200 and September 30, 2001		\$ 200,154

The common shares include 2,200,000 shares which are escrowed for up to three years subsequent to this transaction. All of the preferred shares are subject to similar escrow provisions. Issued shares are post-consolidation.

The Company has stock option plan. Under the plan, options or share awards may be granted to individuals as may be deemed in the best interest of the Company by the board of directors or a duly authorized committee.

CANADIAN ROCKY MOUNTAIN PROPERTIES INC.
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12. SHARE CAPITAL (continued)

Information regarding the share option plans is summarized as follows:

	2001		2000	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Balance beginning of period	280,000	\$0.71	50,000	\$0.50
Granted	-	-	230,000	\$0.75
Expired	-	-	-	-
Exercised	-	-	-	-
	280,000	\$0.71	280,000	\$0.71

The following table summarizes information about the options outstanding as of September 30, 2001:

Expiry date	Number	Price
July 2002	50,000	\$0.50
December 8, 2005	230,000	\$0.75
	280,000	

13. COMMITMENT

The Company has provided a maximum \$400,000 unconditional guarantee of a loan made to a Company that is under common ownership. The balance of the loan held by the related company at September 30, 2001 was \$4,434,298.

14. RELATED PARTY TRANSACTION

During the year, the Company paid \$33,400 (2000 – \$Nil) in consulting fees to a corporation wholly owned by an officer of the Company. The transaction was measured at the exchange amount which is the amount of consideration established and agreed to by the related parties, and is under the sale terms and conditions as transaction with third parties.

CANADIAN ROCKY MOUNTAIN PROPERTIES INC.
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15. INCOME TAXES

The income tax provision reflects an effective tax rate that differs from the expected tax rate as summarized below:

	2001		2000
Expected tax expense at 42.9%	\$ 123,842	\$	27,396
Large corporation tax	36,731		-
Other	2,754		2,296
Income tax provision	\$ 163,327	\$	29,692

The tax effects of temporary differences that give rise to future tax liabilities at September 30, 2001 and December 31, 2000 are presented below:

	2001		2000
Future tax liabilities:			
Net book value in excess of undepreciated capital cost allowance	\$ 326,248	\$	342,977
Operating loss carryforwards	(39,565)		(182,890)
Net future income tax assets	\$ 286,683	\$	160,087

16. EARNINGS PER SHARE

Basic earnings per share and cash flow per share are calculated based upon the weighted average number of shares outstanding during the period ended September 30, 2001 and the period ended December 31, 2000 of 2,811,000 and 1,772,815 respectively. Fully diluted earning per share and fully diluted cash flow per share are calculated based on 4,341,000 shares for the period ended September 30, 2001 and 3,252,815 for the period ended December 31, 2000

CANADIAN ROCKY MOUNTAIN PROPERTIES INC.
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AS AT SEPTEMBER 30, 2001 AND DECEMBER 31, 2000
AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2001
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17. STATEMENTS OF CASH FLOWS

The change in non-cash operating working capital related to operations is comprised of the following:

	Nine months ended September 30 2001	Three months ended December 31 2000
Increase in accounts receivable	\$ (506,302)	\$ (4,458)
Decrease (increase) in inventory	(2,311)	23,980
Decrease (increase) in prepaid expenses	(13,193)	3,124
Increase (decrease) in accounts payable and accrued liabilities	86,523	156,350
Increase in security deposits	18,967	12,930
Increase in taxes payable	36,731	-
	\$ (379,584)	\$ 191,926

The following cash payments have been included in the statement of cash flows:

	Nine months ended September 30 2001	Three months ended December 31 2000
Interest	\$ 647,392	\$ 236,385

During the period ended September 30, 2001, capital assets were acquired at an aggregate cost of \$2,870,000 by means of assumption of mortgages of \$2,618,553, assumption of accounts payable of \$219,705 and the issuance of 31,742 common shares of the Company at a stated value of \$31,742.

During the period ended December 31, 200, net current assets were acquired by means of issuance of 1,800,000 common shares at a value of \$200,152.

18. FINANCIAL INSTRUMENTS

Credit Risk

Credit risk arises from the possibility that the entities to which the Company provides services may experience difficulty and be unable to fulfill their obligations. The Company is exposed to financial risk that arises from the credit quality of the entities to which it provides services.

The Company's customers expose it to credit risk. However, credit risk concentration is minimized and managed monthly.

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Company is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates used on their financial instruments.

CANADIAN ROCKY MOUNTAIN PROPERTIES INC.
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18. FINANCIAL INSTRUMENTS (continued)

Fair Values

The fair values for cash, accounts receivable, notes receivable, restricted cash, accounts payable, security deposits and term loan approximates their carrying values due to the short maturity of those instruments.

The carrying values for deferred revenue and long-term debt facility approximate their fair value.

19. COMPARATIVE FIGURES

Certain changes have been made to the comparative figures to correspond with current year presentation.

Canadian Rocky Mountain Properties Inc.

Suite 500, 603—7th Avenue S.W., Calgary, Alberta T2P 2T5

Phone: (403) 264-6364 Fax: (403) 266-6365

DIRECTORS	CORPORATE INFORMATION
<p>Peter J. Workum President and Director, Calgary, Alberta</p> <p>Theodor Hennig, C. A. V.P. Finance and Director Calgary, Alberta</p> <p>Edward Alfke Director, Vancouver, B.C.</p> <p>Leo Berezan Director, Langley, B.C.</p> <p>William G. Turnbull Director Calgary, Alberta</p>	<p>BANKER CIBC 309—8th Avenue S.W., Calgary, Alberta</p> <p>LEGAL COUNSEL Thackray Burgess 1900, 736—6th Avenue S.W. Calgary, Alberta</p> <p>AUDITOR Hudson & Company 300, 625—11th Avenue S.W., Calgary, Alberta</p> <p>TRANSFER AGENT Computershare Trust Company of Canada 600, 530—8th Avenue S.W., Calgary, Alberta</p>
OFFICERS	<p>STOCK EXCHANGE LISTING The Canadian Venture Exchange Trading Symbol: CMP</p>
<p>Peter J. Workum President and Director Calgary, Alberta</p> <p>Theodor Hennig, C. A. V.P. Finance, Director Calgary, Alberta</p> <p>Mahesh Bhatia, Controller Calgary, Alberta</p> <p>Cheryl Lebeuf Secretary Calgary, Alberta</p>	<p>INVESTOR RELATIONS</p> <p>Peter J. Workum, President or Theodor Hennig, C.A. Vice President, Finance</p> <p>Canadian Rocky Mountain Properties Inc. Suite 500, 603—7th Avenue S.W., Calgary, Alberta T2P 2T5 Phone: (403) 264-6364 Fax: (403) 266-6365</p>